



CITY OF BOSTON, MASSACHUSETTS
Office of the Mayor
Thomas M. Menino

STRICTLY EMBARGOED
Until January 13 after 12:00 noon

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Mayor Menino Leads Boston EITC Campaign; Free Tax Prep Sites Can Earn Low-Income Workers Up to \$4,700 in Tax Refunds

Boston is Included in New Research Study of Earned Income Tax Credit

Study to Be Released at National Media and Policy Briefing
Monday, January 13, 2003
National Press Club
Washington, D.C.
Noon to 1:30 p.m.

Conference Call Listen In: dial 1-800-701-4762 at 11:55 a.m. ET

WASHINGTON, D.C. -- More than 38,000 residents from Boston are being helped by the federal Earned Income Tax Credit (EITC) intended to lift working families out of poverty, however too much of the benefit is going into the pockets of costly commercial tax preparers, according to a major study to be released in Washington, D.C. on January 13.

In Boston, Mayor Thomas M. Menino is leading the City of Boston's "EITC Campaign", which aims to promote the federal tax credit by helping families gain access to free tax preparation services and put more than \$1.5 million dollars back into the pockets of Boston's low-income working families and individuals. Almost 40,000 claims were processed last year, refunding more than \$58 million to Boston households.

"The EITC is designed to put more money in the pockets of hard working people," said Mayor Menino. "And in today's tough economy, people can use this money to help pay bills, buy food, or invest in education."

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Mayor Menino also urged employers to inform their workers about the underutilized tax credit. "The best way to get this money into the hands of the people who earned it is by getting the word out," said the Mayor.

The federal Earned Income Tax Credit is a refundable tax credit for families who work but earn low wages. Nationally, the EITC delivered \$31 billion to lower-income workers and their children in tax year 2000 and helped lift more working families out of poverty than any other federal program. A single parent raising two or more children and earning between \$10,350 and \$13,520 in 2002 is eligible for the maximum EITC of \$4,140 – a full 30 to 40 percent increase in the family's income. Families with two or more children who earn less than \$33,178 (or less than \$34,178 for married workers in 2002) are eligible for the EITC.

The Brookings Institution Center on Urban and Metropolitan Policy conducted a study on the filings of the Earned Income Tax Credit in 27 participating sites across the nation, including Boston, and concluded that EITC recipients lost unnecessary amounts of their refunds on tax preparation fees and fast cash lending services. The study reported that an estimated \$212 million in national EITC refunds were spent on such services in 1999.

The study also cautioned that many EITC filers were using commercial tax preparers to obtain "refund anticipation loans", which provides filers with an advance on their anticipated tax refund, but can cost them significant amounts of money in loan fees and interest. Whereas, filers who prepare their taxes at free EITC campaign sponsored tax prep sites will not be charged extra fees and will receive their tax refund within 8 to 10 days via direct deposit from the IRS.

Mayor Menino said that Boston residents can get information on Boston's 16 free tax preparation locations throughout the city for free filing of their earned income tax credit and other tax credits by calling 617.918.5275 or logging on to www.bostontaxhelp.org. The free tax sites open on Saturday, January 25, 2003 and remain open throughout the tax season.

The Boston EITC campaign is a collaboration of city, state and federal government organizations, regulators, foundations, non-profits and community-based organizations, as well as the business community. The Internal Revenue Service (IRS) provides free software and training materials to the volunteer sites. Together, the campaign and the IRS provide training to

site staff and volunteers. The Boston EITC campaign is a member of the National Tax Assistance for Working Families Campaign.

The study was released at a national policy and media forum sponsored by the Annie E. Casey Foundation as part of its National Tax Assistance for Working Families Campaign. All 27 sites chosen for the study have local coalitions that are members of the national campaign. ***Copies of the report can be downloaded at: www.brookings.edu/urban on January 13, 2003.***

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*Sponsored by the Annie E. Casey Foundation, the **National Tax Assistance for Working Families Campaign** seeks to build the capacity and visibility of its member campaigns and to increase national attention to the importance of the EITC, free or low-cost tax preparation services, and asset development for low-income working families.*

For more information about the campaign, go www.eitc.info.

The Annie E. Casey Foundation is a private charitable organization dedicated to helping build better futures for disadvantaged children in the United States. It was established in 1948 by Jim Casey, one of the founders of United Parcel Service, and his siblings, who named the Foundation in honor of their mother. For more information, visit the Foundation's website, www.aecf.org.

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